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SUBJECT: PLA-AFFILIATED SCHOLARS WARN THAT TAIWAN'S UN

REFERENDUM MAY TRIGGER RESPONSE UNDER ANTI-SECESSION LAW

Classified By: Political Minister Counselor Aubrey Carlson.
Reasons 1.4 (b) and (d).

Summary

¶1. (C) The mere process of holding a referendum on participation in the UN under the name "Taiwan," even if it does not pass, could trigger a response from China under the Anti-Secession Law, three scholars from a PLA-affiliated think tank told EAP DAS Christensen on July 4. A raging debate on this point is reportedly underway within the Beijing security and policymaking communities, with the military scholars hinting that pessimists are gaining the upper hand and that the PLA and the Party have initiated detailed contingency planning. Managing this looming "crisis" will be a stern "test" of the U.S.-China bilateral relationship and could, if handled badly, negatively affect our cooperation across a range of issues. In the run up to this fall's 17th Party Congress, the Chinese leadership is coming under increased internal pressure to be "tough" on Taiwan, after having taken a more "moderate" stance since President Hu Jintao came to power. Given Chen Shui-bian's referendum proposal, critics argue that a moderate approach has produced little, if anything. Part of the ongoing debate centers on whether the United States is willing or able to influence Taiwan, and how Washington might react to a series of possible PRC responses, ranging from limited "non-peaceful means" to the "use of force." The scholars stressed that we must act now to influence the situation, before it is too late and the referendum process has advanced beyond the point of no return. End Summary.

Taiwan Referendum Process May Trigger PRC Response

¶2. (C) In a July 4 meeting with visiting EAP DAS Thomas Christensen, Chairman Chen Zhiya (strictly protect) of the PLA-affiliated think tank China Foundation for International and Strategic Studies (FIISS), said that the mere process of Taiwan's holding a referendum on UN membership under the name "Taiwan" could trigger a PRC response under China's Anti-Secession Law. A raging debate is reportedly underway within the Beijing security and policymaking communities over the definition of "de jure independence," with Chen hinting that an increasing number of people believe that simply staging the referendum, even if it were to fail, would constitute an incident of Taiwan de jure independence. If that is the case, it represents an "extremely serious turning point," Chen underscored, as that definition would automatically trigger application of China's Anti-Secession Law and obligate some sort of Chinese response. Chen said he "could not emphasize enough" the seriousness of this debate, confessing that he is "extremely worried" about the direction this "crisis" is headed.

¶3. (C) Part of the debate, FISS Research Director Zhang Tuosheng (strictly protect) explained, is that the referendum process would irrevocably alter Taiwan public opinion regarding independence, causing more and more Taiwan people to favor it. Thus, no matter who wins the presidential election, if the referendum goes forward, the "independence card will forever be on the table," Zhang declared. Of course, were the referendum to pass, things would be "even worse." Zhang said he personally supports the view that a referendum automatically equals a declaration by Taiwan's government of de jure independence. He therefore has already begun to consider just how the Chinese government should respond, and how the United States subsequently might react, even though he considers himself generally to be a "moderate" and "friend" of the United States.

Taiwan as "Test" for Bilateral Relationship

¶4. (C) Taiwan's referendum represents a stern "test" for the U.S.-China bilateral relationship, Zhang said, although many Americans do not appreciate the seriousness of the current situation. Americans mistakenly believe that the referendum is meaningless, because whether it passes or not, Taiwan can never join the UN. Such thinking puts the PRC in a very difficult position. Many on the Chinese side are therefore trying to determine the "true" U.S. position on the referendum, asking questions such as, Does the United States have the ability to stop Chen Shui-bian? Or, will the United States only "talk" about opposing the referendum but take no action? If the United States does not react strongly, Zhang said, China will feel obligated to take a "very hard line" on Taiwan, which could potentially harm the U.S.-China bilateral relationship. "The chance for misunderstanding between us" is quite high, Zhang lamented. A chain of actions and

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reactions by both sides could quickly escalate out of control, he said.

¶5. (C) China's ongoing preoccupation with Taiwan has hampered its ability to cooperate with the United States and the international community in a variety of areas, including peacekeeping operations, according to Lu Dehong (strictly protect), Deputy Research Director at FISS. Should a conflict occur between Washington and Beijing over Taiwan, existing bilateral cooperation would suffer severe damage. Only Taiwan can incite a conflict between the United States and China, Chen Zhiya stressed, reiterating that he was "extremely worried" about how the Taiwan situation might impact our relations. Unlike the Taiwan-related crises of the 1950s, the channels of communication between our two countries today run wide and deep. We need to take advantage of these links to avoid the "nightmare scenario" of Sino-American military confrontation. A first step might be for both sides to engage in more crisis management exercises. Perhaps we could even discuss the definition of "de jure independence" for Taiwan, Chen said. Regardless, we should not let a man "as stupid as Chen Shui-bian" drag our two countries into a conflict neither wants.

Chinese Leadership under Pressure

¶6. (C) China's leadership is coming under increased domestic pressure to "be tough" on Taiwan, Zhang said. There are only two things the leadership is currently focused on: preparations for the 17th Party Congress and Taiwan. In the buildup to the Congress, some critics of current Taiwan policy within the government are arguing that, given Chen Shui-bian's referendum proposal, the moderate approach Hu Jintao has adopted on Taiwan has produced little, if anything. Lu said many Chinese feel that in the past few years China has "done nothing" on Taiwan, instead always compromising, always retreating. In return, Chen Shui-bian has only become more aggressive. Hu Jintao is "not crazy,"

Chen declared. His first choice, of course, will always be peace. Nevertheless, we need to be aware of the pressure that Hu is under. If the Taiwan "alarm bells" continue to sound, he will increasingly be pressed to act. The sources of that pressure come both from the elite and popular levels.

Gaming Possible U.S. Responses

¶7. (C) Returning to the definition of "de jure independence," Chen Zhiya said this is the key issue that may determine China's response to Taiwan's referendum. If Chinese policymakers decide that Taiwan's referendum itself equals de jure independence, then China must act. That has led to the next logical step, which is planning and gaming scenarios to determine how the United States would respond to a variety of possible Chinese actions. Zhang Tuosheng said the Anti-Secession Law outlines two possible responses: "non-peaceful means" and the "use of force." While refusing to distinguish clearly between the two, Zhang said people are asking a range of questions about how China ought to respond, and what kind of reaction this would elicit from the United States. For example, China's options might include applying economic sanctions against Taiwan, enforcing a blockade to choke off the island's energy supplies, the full-blown use of military force, or merely sending some sort of military "signal" that fell short of an attack.

¶8. (S) The ultimate question, of course, Zhang said, is would the United States come to the aid of Taiwan militarily? Although some on the Chinese side believe the United States can restrain Chen Shui-bian, others believe that the United States military, "in accordance with '5077,'" (which they notably labeled as the "U.S. war plan on Taiwan") would support Taiwan militarily during a conflict, Lu and Chen Zhiya said. Zhang said many Chinese are puzzled by the fact that Taiwan in recent years has often refused to buy arms from the United States, yet Washington still appears committed to defending the island. Some U.S. concerns about China's military buildup vis-a-vis Taiwan are confusing, Zhang said. Is a huge continental power like China, with a rapidly growing economy, supposed to forever remain at the same level militarily as the "tiny island" of Taiwan? he asked.

"Wrong Signals," Chen Shui-bian's Desperation

¶9. (C) Chinese observers are concerned the United States might send the "wrong signal" to Taiwan authorities and thereby exacerbate the current situation, Chen said.

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Allowing Taiwanese leaders to transit the United States is one such signal, although the FISS scholars commented that top officials had noticed Vice President Annette Lu's travel had been tightly restricted. U.S. arms sales to Taiwan are another signal. We must keep in mind, Zhang argued, that Chen Shui-bian is desperate to ensure a DPP electoral victory. If the KMT were to win, Chen almost certainly will face criminal prosecution. Given his personal situation, Chen Shui-bian will "do anything" to prevent a KMT victory. Nothing should be done to signal support for him during this time, he said.

Time to Act is Now

¶10. (C) The time to act is now, Zhang said, because if we wait too long, things will advance past the point of no return on both sides of the Strait. If the referendum goes forward on Taiwan, that very well could touch off a crisis. On the other hand, the referendum could lead to a hardening of public opinion in the PRC, severely restricting the Chinese leadership's room for maneuver. We want to avoid

confrontation, Chen Zhiya said. We therefore need to talk and plan now, so that we have a chance to prevent a crisis. If the problem does reach crisis levels, escalation control will play a key role in whether we can avoid conflict, Chen said.

¶11. (C) DAS Christensen responded by stating there has been no change to the United States' one China policy based on the three joint communiqus and the Taiwan Relations Act. The United States has publicly stated its opposition to the referendum because it "appeared desined" to change the status quo. China should not overreact to such purely symbolic electora tactics. But, in fact, even if a referendum were held and it passed, it would not change Taiwan's status in any practical sense. China should bear in mind that any cross-Strait conflict would involve great costs and dangers for China and would certainly destroy all of the significant progress that we have achieved in the past several years in our bilateral relations. China should also be aware that its own behavior, including recent attempts to limit further Taiwan's international space and its fast-paced military buildup across from Taiwan, has had a counterproductive impact on Taiwan public opinion, has increased support within Taiwan for Chen Shui-bian's referendum proposal and has destabilized cross-Strait relations. The United States does make available to Taiwan defense articles that allow Taiwan to maintain a credible defense as provided for in the Taiwan Relations Act. These arms sales have contributed to stability across the Strait. The sales are not designed to send a signal of support for individual leaders and certainly do not represent support for Taiwan independence. The Chinese side should keep in mind the difficulty of escalation control and should not overestimate either side's ability to control the pace and level of escalation were military force to be used even in a limited fashion.

¶12. (U) DAS Christensen has cleared this cable.
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